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ASX RELEASE

REX ANNOUNCES EXCLUSIVE NEGOTIATIONS REGARDING FUNDING FOR ITS DOMESTIC MAJOR CITY JET OPERATIONS

Regional Express Holdings Ltd ACN 099 547 270 (**Rex**) has signed yesterday evening a long-form term sheet and is in advanced exclusive negotiations with PAG Asia Capital (**PAG**), a leading Asia-Pacific focused investment firm, regarding an investment by PAG of up to AUD150 million to be used exclusively to support the launch of Rex's domestic major city jet operations scheduled to commence on 1 March 2021 (**Funding**).

The Funding is proposed to comprise first ranking senior secured convertible notes (**Notes**). It is proposed that an initial Funding tranche of AUD50 million will be drawn on completion of the Transaction, targeted for the end of December 2020 (**Completion**), with the balance of the Funding drawn over the following three years.

The Funding is subject to completion of due diligence by PAG; to agreement and execution of long-form documentation; to customary conditions including Rex shareholder approval for the purposes of section 611 (Item 7) of the *Corporations Act 2001* (Cth) (**Corporations Act**) and the ASX Listing Rules, which is intended to be sought at Rex's Annual General Meeting (**AGM**) that is tentatively scheduled for early December 2020; as well as to the Foreign Investment Review Board (**FIRB**) and any other required regulatory approvals. The terms of the Funding will also be reviewed by an independent expert.

The Notes will be convertible at AUD1.50 per share, subject to certain adjustments. Based on Rex's current issued share capital, if the AUD50 million tranche is fully converted into shares, PAG would hold approximately 23% of Rex's total issued shares, and if the full AUD150 million is drawn down and fully converted, PAG would hold approximately 48% of Rex's issued shares.

Upon Completion, PAG will be entitled to nominate two directors to the Rex board.

Rex's Executive Chairman, Mr Lim Kim Hai, said, "PAG is a well-respected and highly successful investment group which manages more than USD40 billion on behalf of major global institutional investors. I am encouraged by the progress of Rex's negotiations to date with an investor of PAG's reputation and experience."

"With PAG's support, I have every reason to believe that Rex can successfully launch its domestic major city jet operations."

"As a well-established carrier with an impeccable track record, I am confident that Rex will deliver to Australians an alternative major city domestic service that is safe, reliable and affordable. Rex's affordable fares will support Australia's economic rebuild and recovery efforts."

This announcement is authorised by the Board of Directors, Regional Express Holdings Limited.



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Regional Express

Rex is Australia's largest independent regional airline operating a fleet of 60 Saab 340 aircraft (pre-COVID) on some 1,500 weekly flights to 59 destinations throughout all states in Australia. In addition to the regional airline **Rex**, the **Rex Group** comprises wholly owned subsidiaries **Pel-Air Aviation** (air freight, aeromedical and charter operator) and the two pilot academies **Australian Airline Pilot Academy** in Wagga Wagga and Ballarat.

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PAG is one of the world's largest Asia Pacific-focused private investment firms, with a best-in-class platform and a network of seasoned investment professionals. PAG delivers value to investors by investing in market leaders to help them maximise their potential. Previous investments include leading quick-service restaurant operator Craveable Brands, specialty retailer The Cheesecake Shop and integrated property services firm DTZ. PAG is supported by a team of more than 200 investment professionals in nine key offices in Australia, Asia and around the world. PAG currently manages USD40 billion in capital on behalf of more than 150 leading institutional investors from Europe, North America, Asia, Australia and the Middle East. For more information, visit www.pag.com.

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